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AUDITOR GENERAL

**STATE OF ARIZONA**  
**OFFICE OF THE**  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

July 7, 2006

The Honorable Laura Knaperek, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 6-month followup of the Amphitheater Unified School District's implementation status for the 16 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in November 2005. As the attached grid indicates:

- 2 recommendations have been implemented, and
- 14 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport  
Auditor General

Enclosure

cc: Ms. Vicki Balentine, Superintendent  
Governing Board  
Amphitheater Unified School District

# Amphitheater Unified School District

## 6-Month Follow-Up Report to Performance Audit Report issued November 2005

### CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should evaluate whether it can reduce the number of administrative positions to produce cost savings.</p>	<p>Implementation in Process</p>	<p>The District has eliminated 3.6 administrative FTE positions. Specifically, 3 teachers who previously performed administrative duties have now been reassigned to teaching full-time. Also, an English Language Learner program administrator retired, and the position's duties were absorbed by others within the program. However, as shown in the November 2005 audit report, the District employed 70 more administrative positions than the comparable districts' average.</p>
<p>2. The District should continue to monitor the costs of its early retirement program to determine whether further changes are needed to reduce the associated costs.</p>	<p>Implementation in Process</p>	<p>According to the District, it is currently monitoring retirement plan costs and maintaining caps on participation and annual retirement payout negotiations to determine whether further changes are necessary to reduce costs. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.</p>
<p>3. The District should implement a system of formal written procedures to ensure that access to computer systems and data is based on job responsibilities, passwords are changed on a regular basis, and access is removed when employees leave the District's employment.</p>	<p>Implementation in Process</p>	<p>The District is in the process of implementing a system that will automatically require passwords to be reset periodically. In addition, the District is working on written regulations to establish network access based on job responsibilities.</p>

# Amphitheater Unified School District

## 6-Month Follow-Up Report to Performance Audit Report issued November 2005

### CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should consider recovering all food service program-related costs, including indirect costs, such as electricity.	Implementation in Process	The District has established indirect cost rates that will allocate a portion of costs such as electricity to the food service program. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.
2. The District should monitor salary and benefit costs with the goal of limiting these expenditures to no more than 50 percent of food service revenues.	Implementation in Process	During fiscal year 2007, the District is planning to review its food service salary and benefit costs.
3. The District should require the food service staff to inventory snack bar items to help ensure that cash sales have been accounted for properly.	Implementation in Process	According to the District, it has established an inventory system for a la carte and snack bar items. Auditors will review this recommendation at the time of the District's 12-month status report when school is in session so that the inventory system can be observed.

# Amphitheater Unified School District

## 6-Month Follow-Up Report to Performance Audit Report issued November 2005

### CHAPTER 3:     Student Transportation

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. To help reduce costs, the District should evaluate awarding its special needs transportation contract to the lowest cost vendor that can meet all requirements. In addition, the District should ensure that vendor routes are efficient and effective and should consider using its own computerized routing system to develop these routes. Further, in its requests for proposals, the District should specify only the necessary descriptive information related to the services it desires, and it should subsequently hold vendors to the agreed-upon contract terms.</p>	<p style="text-align: center;">Implementation in Process</p>	<p>The District issued a request for proposals that incorporated the audit recommendations, and it is currently evaluating the resulting vendor proposals.</p>
<p>2. In its bus driver training program, the District should reinforce knowledge of the conditions that would prevent a driver from maintaining certification and the requirement for drivers to notify the District of significant changes in their physical condition or medical treatment. In addition, the District should strengthen its disciplinary policies to describe the potential consequences for failing to comply with this requirement, including the possibility of leave without pay, pay reductions, and termination, and discuss these policies as part of its training activities. The District should also develop a policy that requires it to assess the risks of allowing drivers taking certain medications, such as prescription narcotics, to transport children.</p>	<p style="text-align: center;">Implementation in Process</p>	<p>The District is in the process of developing a notice that will remind bus drivers, mechanics, and other substitute bus drivers of their obligation to notify the District of any significant changes in health or physical condition. The District plans to have pertinent employees review and sign these notices beginning in fiscal year 2007.</p>

# Amphitheater Unified School District

## 6-Month Follow-Up Report to Performance Audit Report issued November 2005

### CHAPTER 3: Student Transportation (concl'd)

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
3. The District should continue to evaluate reinstalling the lock system on its fuel pumps to prevent unauthorized usage and more accurately track how its fuel is being used.	Implementation in Process	The District has reinstalled the lock system on its fuel pumps and is in the process of testing the system prior to implementing it in fiscal year 2007.
4. The District should implement a tracking method to ensure that it performs bus preventative maintenance activities in a timely manner.	Implementation in Process	The District is in the process of updating its accounting software program to include a work order system that can track bus preventative maintenance activities.
5. Before submitting them to ADE, the District should analyze its route mileage reports to ensure their accuracy, including separately reporting mileage for activities such as fieldtrips and athletics.	Implemented at 6 months	

### CHAPTER 4: Plant Operation and Maintenance

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The District should review staffing levels, in particular its district- and school-level security and monitoring staff, to determine whether the number of plant operation and maintenance positions can be reduced and savings can be redirected into the classroom.	Implementation in Process	During fiscal year 2007, the District plans to review its plant operation and maintenance costs to determine whether it can reduce costs in this area.

# Amphitheater Unified School District

## 6-Month Follow-Up Report to Performance Audit Report issued November 2005

### CHAPTER 5:            Proposition 301 monies

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including which of the six allowable options it is addressing.	Implementation in Process	The District plans to address this issue as part of its fiscal year 2007 budget package.
2. The District should ensure that it revises its Proposition 301 plan if payment criteria are changed and that any changes are formally approved by the Governing Board.	Implemented at 6 months	

### CHAPTER 6:            Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.	Implementation in Process	The District indicated that it is working to ensure that all transactions are properly classified. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.
2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be re-directed to the classroom.	Implementation in Process	In addition to eliminating 3.6 administrative FTE, the District plans to evaluate its plant operation and maintenance costs in fiscal year 2007 for potential cost savings.

### CHAPTER 7: Desegregation monies—No Recommendations